Macro scenario - Global

June 26, 2026

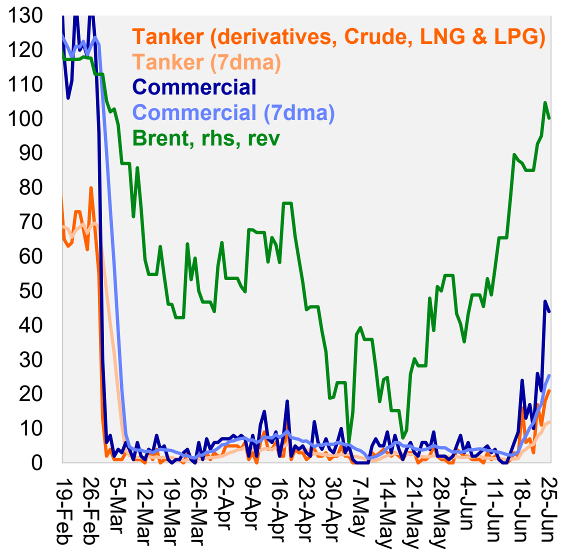
Higher inflation and resilient activity will lead to rate hikes

- **Geopolitics:** a deal between the U.S. and Iran enables the reopening of the Strait of Hormuz. We expect oil at US$80/barrel in 2026 and US$75/barrel in 2027, with a gradual decline in the geopolitical risk premium and a return to a structurally oversupplied market.
- **U.S.:** inflation off target and accelerating, combined with improving employment, should lead the Fed to raise rates twice this year, in September and October.
- **Europe:** a new rate hike to 2.50% by the ECB may wait until September (vs. July in our previous scenario) given the resolution of the conflict. The Fed's rate hike implies a stronger USD scenario, with the Euro at 1.13 this year and the next.
- **China:** no need for additional stimulus amid export resilience.
- **Latin America:** soft growth, supply-driven inflation, and diverging policy paths.

Persistent inflation and a reactive Fed make rate hikes more likely

We revised our oil scenario to US$80/barrel (from US$85/barrel) at end-2026, following the deal between the United States and Iran. Although the agreement provides for the reopening of the Strait of Hormuz (see chart), negotiations are still under way on the main points of divergence, such as Iran's nuclear question and the governance and control of the strait itself in the post-conflict period. For 2027, we keep our forecast of a decline in the commodity's price to US$75/barrel at year-end. Structurally, the commodity's balance is in surplus, given higher production from non-OPEC countries and a weaker cartel following the departure of the United Arab Emirates. Even so, the geopolitical risk premium and a possible inventory rebuild may limit a quick return of the price to its pre-conflict level (between US$60–65/barrel).

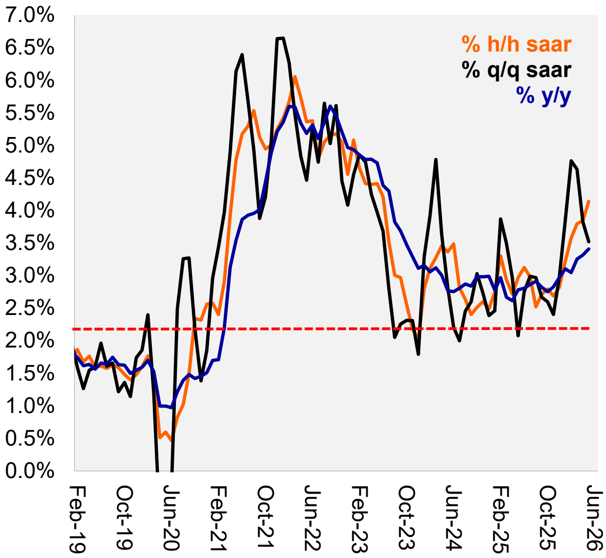
Prices dropped sharply with the normalization of oil flows in the region



Source: Haver, Itaú

In the United States, inflation has come in worse than expected by the Fed, which had to significantly increase its forecasts in June. Core PCE posted an average monthly change of 0.34% from January to May, well above the pace needed for convergence to target (0.17%) and also above the average pace of the same period in previous years (0.26% in 2025; 0.30% in 2024). This stems from the succession of inflationary shocks affecting the economy: (i) tariffs (since 2025), (ii) higher input costs related to artificial intelligence, and (iii) rising energy prices. As a result, the annual core change reached 3.5% in May and shows reacceleration (see chart). We continue to project inflation persistence ahead, ending this year at 3.3% and next year at 2.9%. At the same time, employment indicators continued to improve, with a stable unemployment rate, leaving only the price-stability mandate of the central bank off target.

Core PCE at 3.4% y/y in May



Source: Haver, Itaú

In response, the Fed increased its inflation forecasts at the last meeting, and FOMC members began to consider rate hikes ahead. The meeting was the first with Kevin Warsh as Fed Chair and was marked by a more minimalist statement, with greater focus on inflation and less signaling of the next steps. Warsh also did not submit projections in the so-called Dot Plot (see below). In the coming months, the Fed is expected to run task forces to reform and/or assess its (i) communication, (ii) balance-sheet management, (iii) sources and governance in the use of data, (iv) assessment of productivity and employment in a world of AI, and (v) framework and metrics for measuring inflation.

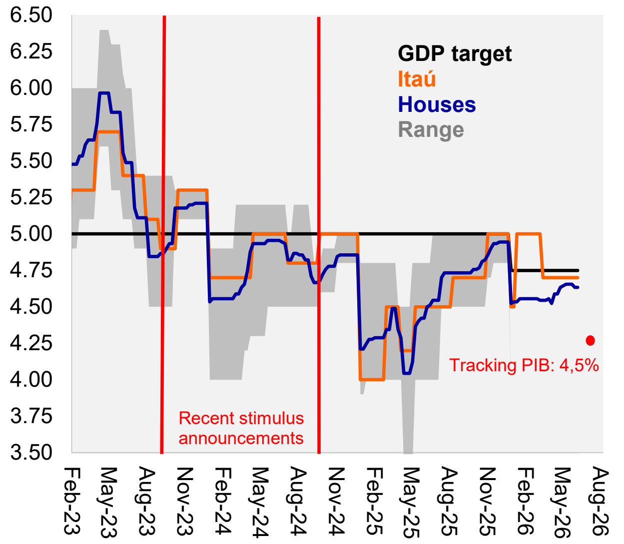
The projections showed that 9 of the 18 members who submitted forecasts expect a rate hike this year, of which 6 expect more than one hike. In addition, the distribution of inflation projections shows that the other 9 members, who do not expect a rate hike, project inflation below the Committee's median, which suggests that, should inflationary pressures persist — as we expect in our base-case scenario — these members are likely to revise their projections and consider rate hikes ahead. As a result, we now project two Fed rate hikes this year, in September and October.

Strong data and a more hawkish Fed lead to a stronger-dollar scenario. The combination of a more hawkish Fed and the consequent repricing of rate hikes, amid a still-resilient activity scenario in the United States, boosted the dollar in recent weeks and more than offset the reduction in uncertainty associated with the war. We therefore revised our DXY forecast upward this year (from 98.2 to 102.2) and next year (from 97.8 to 101.7), consistent with a revision of the Euro from 1.18 to 1.13 in both this year and next.

In Europe, the central bank delivered the rate hike in June, but the relief in energy prices removes the urgency for another one. We expect a new rate hike only in September (vs. July in our previous scenario). First-quarter GDP was revised to a 0.2% qoq decline (from -0.1% qoq), reflecting a growth shock in Ireland (-12% qoq). In addition, industry and services confidence surveys showed weakness in the face of the oil shock, mainly in the employment component. We thus revised our growth forecast to 0.5% (from 0.9%) in 2026, but keep our growth expectation at 1.2% for 2027. We expect the ECB to take the policy rate to 2.50% in 2026 — the top of neutral-rate estimates — with these hikes soon reversed in 2027.

In China, we keep our growth forecasts at 4.7% in 2026 and 4.5% in 2027. Second-quarter activity data showed another round of domestic-demand weakness. Our growth tracking for the year stands at 4.5%, at the floor of this year's growth-target band (between 4.5%–5.0%). On the other hand, exports remain the main pillar of Chinese growth, now boosted by the artificial-intelligence cycle, which keeps the urgency for domestic-demand stimulus low.

China: GDP forecast for current year



Source: Haver, Itaú

Latin America: soft growth, supply-driven inflation, and diverging policy paths

Growth

The growth outlook across Latin America points to **a weak starting point in 2026 followed by gradual recovery into 2027**, with important differentiation across economies. In Chile, activity remains subdued due to an early-year contraction driven by supply disruptions—particularly in mining—and soft domestic demand. Weak labor market conditions and limited credit growth continue to restrain consumption, although a pipeline of investment projects and stronger terms of trade are expected to support a gradual recovery. Growth is projected at **1.5% in 2026 and 3.1% in 2027**, reflecting improving investment dynamics over time.

Peru stands out with **stronger momentum**, supported by resilient domestic demand, robust exports, and a firm labor market. Growth is expected to exceed 3% in 2026, aided by strong carryover effects and continued expansion in non-primary sectors. However, the increasing likelihood of a strong El Niño event poses downside risks, potentially weighing on primary sectors and trimming growth, though partly offset by stronger activity elsewhere.

In Colombia, growth remains **relatively resilient but moderating**, supported by solid consumption and services activity. Despite supportive domestic demand, climate-related shocks and tighter financial conditions are expected to weigh on activity. GDP is projected to grow **2.2% in 2026 and 2.4% in 2027**, with investment recovery expected to mitigate transient shocks.

Mexico presents a **mixed outlook**, with early signs of recovery in 2Q26 following a weak first quarter. External demand, particularly exports linked to global technology cycles, continues to support activity, offsetting domestic softness. However, moderation in consumption and weak investment dynamics suggest only a gradual recovery, with uncertainty related to USMCA renegotiations remaining a key headwind.

Argentina's GDP growth is projected at **3.5% in 2026**, driven by primary sectors and improving external balances, after a stronger than expected 1Q. While short-term indicators remain mixed, the expected disinflation and lower interest rates should gradually support consumption and investment, although low carryover and domestic demand weakness introduce near-term risks.

Inflation

Inflation across the region remains **elevated but increasingly shaped by supply-side factors**, with gradual and uneven convergence toward target. In Chile, inflation pressures are largely driven by external shocks—particularly energy prices—while core inflation remains contained. This supports expectations of **gradual convergence toward the 3% target**, with year-end inflation forecast revised down to **4.1% in 2026**.

Peru faces **more persistent inflation pressures**, with recent data showing rising core inflation and strong sequential momentum. Supply-driven factors, including food prices and El Niño risks, continue to push inflation higher, with end-2026 projections at 4.4%, above target, and convergence expected only in 2027.

Colombia stands out with **significantly higher and more entrenched inflation**, driven by indexation effects, strong domestic demand, and climate-related shocks. Inflation is expected to remain well above target, reaching **7.5% by end-2026**, as rising food and energy prices linked to El Niño exert upward pressure.

In Mexico, inflation is on a **gradual disinflation path**, supported by easing goods prices and stable expectations. However, services inflation remains sticky, delaying full convergence to target. Inflation is expected to reach **4.1% by end-2026**, with a slow normalization process thereafter.

Argentina continues to experience **high but declining inflation**, with projections of **around 30% by end-2026**.

While disinflation is underway, the pace remains gradual, reflecting structural rigidities, the challenges associated with stabilizing expectations and the “last few miles”.

Overall, regional inflation dynamics reflect a **shift toward supply-driven pressures**, including energy volatility, exchange rate movements, and climate shocks, with risks generally tilted to the upside in the near term.

Monetary policy

Monetary policy across Latin America is evolving into a **more divergent and data-dependent phase**, reflecting differences in inflation persistence and growth conditions. In Chile, the central bank maintains a **neutral and cautious stance**, holding rates steady while monitoring inflation expectations and second-round effects of the oil shock. With inflation risks becoming more balanced, market expectations have shifted toward potential **rate cuts**, although external constraints—particularly Fed tightening—remain relevant.

In Peru, the central bank has **kept policy rates unchanged** but signaled a likely return to tightening in response to persistent inflation and El Niño risks. A cumulative increase in rates is expected later in 2026, alongside continued FX intervention to manage currency volatility.

Colombia presents the most **clearly restrictive stance**, with the central bank expected to resume its tightening cycle and raise rates toward **13% by end-2026**, reflecting elevated inflation and above-target expectations. Monetary policy is likely to remain restrictive for longer to anchor credibility, even as growth moderates.

Mexico’s central bank is expected to maintain a **wait-and-see approach**, keeping rates at neutral at 6.5%, while assessing the pace of disinflation, in the context of a wide negative output gap. Policy remains data-dependent, with potential tightening contingent on exchange rate pressures or renewed inflation shocks.

In Argentina, monetary policy is evolving within a broader stabilization framework, where **lower inflation and improved fiscal dynamics** gradually allow for easing financial conditions. However, maintaining policy credibility and supporting reserve accumulation remain key priorities.

Overall, the region reflects **increasing monetary policy divergence**, with some economies approaching easing cycles while others remain in tightening mode, all under a highly uncertain external and supply-driven inflation backdrop.

Global | Forecasts and Data

	2019	2020	2021	2022	2023	2024	2025	2026F		2027F	
								Current	Previous	Current	Previous
GDP Growth											
World GDP growth - %	2.8	-2.8	6.3	3.5	3.2	3.2	3.3	**3.2**	3.2	**3.4**	3.4
USA - %	2.6	-2.1	6.2	2.5	2.9	2.8	2.1	**2.4**	2.4	**2.2**	2.2
Euro Area - %	1.6	-6.2	6.4	3.7	0.6	0.9	1.5	**0.5**	0.9	**1.2**	1.2
China - %	6.2	2.0	7.7	3.0	5.4	5.0	5.0	**4.7**	4.7	**4.5**	4.5
Inflation											
U.S. Headline CPI - %, eop	2.3	1.3	7.2	6.4	3.3	2.9	2.7	**3.8**	3.8	**2.7**	2.7
U.S. Core CPI - %, eop	2.3	1.6	5.5	5.7	3.9	3.2	2.6	**3.0**	3.0	**3.0**	3.0
Interest rates and currencies											
Fed Funds - %, eop	1.6	0.1	0.1	4.1	5.4	4.5	3.6	**4.13**	3.63	**4.13**	3.13
U.S. 10 Year Treasury - %, eop	2.0	0.9	1.5	3.9	3.9	4.6	4.2	**4.50**	4.25	**4.50**	4.00
ECB Deposit Rate - %, eop	0.0	0.0	-0.5	2.0	4.0	3.0	2.0	**2.50**	2.50	**2.00**	2.00
USD/EUR - eop	1.1	1.2	1.1	1.1	1.1	1.0	1.2	**1.13**	1.18	**1.13**	1.18
CNY/USD - eop	7.0	6.5	6.4	6.9	7.1	7.3	7.0	**6.80**	6.90	**6.80**	6.90
DXY Index* - eop	96.4	89.9	95.7	103.5	101.3	108.5	98.3	**102.2**	98.2	**101.7**	97.8

Source: IMF, Bloomberg and Itaú

* The DXY is a leading benchmark for the international value of the U.S. dollar, measuring its performance against a basket of currencies that includes the euro, yen, pound, Canadian dollar, Swiss franc and Swedish krona.

Compared scenario

World

	2025	2026		2027	
		Current	Previous	Current	Previous
GDP (%)	3.3	**3.2**	3.2	**3.4**	3.4

Latin America and Caribbean

	2025	2026		2027	
		Current	Previous	Current	Previous
GDP (%)	2.5	**2.4**	2.5	**2.5**	2.5

Brazil

	2025	2026		2027	
		Current	Previous	Current	Previous
GDP (%)	2.3	**2.1**	2.1	**1.7**	1.7
BRL / USD (eop)	5.47	**5.30**	5.15	**5.50**	5.35
Monetary Policy Rate (eop,%)	15.00	**14.00**	13.75	**12.50**	12.50
IPCA (%)	4.3	**5.4**	5.4	**4.5**	4.5

Mexico

	2025	2026		2027	
		Current	Previous	Current	Previous
GDP (%)	0.5	**1.1**	1.1	**1.8**	1.8
MXN / USD (eop)	18.0	**18.4**	18.4	**18.9**	18.9
Monetary Policy Rate (eop,%)	7.00	**6.50**	6.50	**6.50**	6.50
CPI (%)	3.7	**4.1**	4.1	**3.8**	3.8

Argentina

	2025	2026		2027	
		Current	Previous	Current	Previous
GDP (%)	4.4	**3.5**	3.5	**3.0**	3.0
ARS / USD (eop)	1459	**1600**	1600	**2100**	2100
Reference rate (eop,%)	27.0	**26.0**	26.0	**25.0**	25.0
CPI (%)	31.5	**30.0**	30.0	**25.0**	25.0

Chile

	2025	2026		2027	
		Current	Previous	Current	Previous
GDP (%)	2.5	**1.5**	1.5	**3.1**	3.1
CLP / USD (eop)	900.6	**880.0**	860.0	**870.0**	850.0
Monetary Policy Rate (eop,%)	4.50	**4.50**	4.50	**4.50**	4.50
CPI (%)	3.5	**4.1**	4.5	**3.0**	3.0

Colombia

	2025	2026		2027	
		Current	Previous	Current	Previous
GDP (%)	2.6	**2.2**	2.1	**2.4**	2.3
COP / USD (eop)	3757	**3400**	3600	**3400**	3600
Monetary Policy Rate (eop,%)	9.25	**13.00**	12.50	**11.50**	11.00
CPI (%)	5.1	**7.5**	7.0	**5.8**	5.7

Peru

	2025	2026		2027	
		Current	Previous	Current	Previous
GDP (%)	3.4	**3.3**	3.3	**3.0**	3.0
PEN / USD (eop)	3.36	**3.40**	3.40	**3.40**	3.40
Monetary Policy Rate (eop,%)	4.25	**4.75**	4.75	**4.75**	4.75
CPI (%)	1.5	**4.4**	4.4	**2.6**	2.6

Paraguay

	2025	2026		2027	
		Current	Previous	Current	Previous
GDP (%)	6.6	**4.0**	4.0	**4.0**	4.0
PYG / USD (eop)	6598	**6450**	6450	**6500**	6500
Monetary Policy Rate (eop,%)	6.00	**5.50**	5.50	**5.50**	5.50
CPI (%)	3.1	**4.0**	4.0	**3.5**	3.5

Uruguay

	2025	2026		2027	
		Current	Previous	Current	Previous
GDP (%)	1.8	**1.2**	1.2	**1.5**	1.5
UYU / USD (eop)	39.0	**40.5**	39.5	**41.0**	40.0
Monetary Policy Rate (eop,%)	7.50	**6.25**	5.75	**7.00**	6.50
CPI (%)	3.6	**4.9**	4.9	**4.5**	4.5

Source: Itau

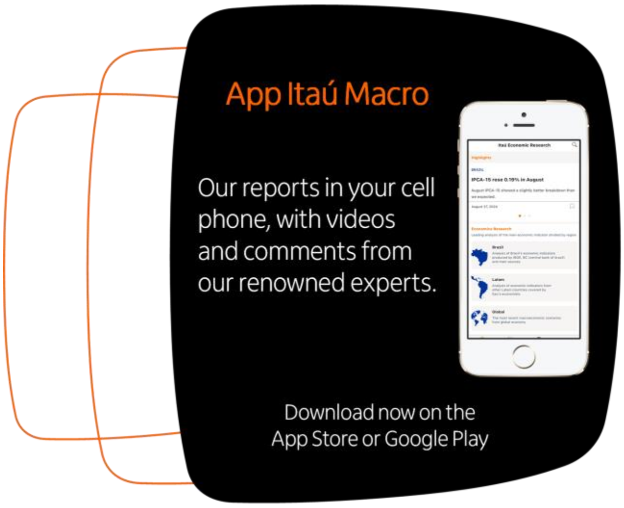
Commodities

	2020	2021	2022	2023	2024	2025	2026F		2027F	
							Current	Previous	Current	Previous
Brent Oil (USD/bbl)	50	75	82	77	73	61	**80**	85	**75**	75
Iron Ore (USD/tonne)	153	116	110	135	103	104	**95**	95	**75**	75
Copper (USD/tonne)	7788	9525	8402	8489	9030	11763	**12600**	12600	**12100**	12100
Corn (Usd/bu)	437	592	656	480	444	444	**500**	500	**500**	500
Soy (Usd/bu)	1207	1290	1474	1311	984	1077	**1150**	1150	**1250**	1250
Wheat (Usd/bu)	604	790	749	619	548	532	**700**	700	**700**	700
Sugar (Usd/lb)	15	19	20	22	20	15	**15**	15	**16**	16
Coffee (Usd/lb)	123	235	166	188	321	360	**250**	250	**250**	250

Source: BBG, Itaú

Macro Research – Itaú
Mario Mesquita – Chief Economist

To access our reports and forecast visit our website:
https://www.itau.com.br/itaubba-pt/macroeconomic-analysis



Relevant Information

1. This report has been prepared and released by the Macro Research Department of Itaú Unibanco S.A. (“Itaú Unibanco”). This report is not a product of the Equity Research Department of Itaú Unibanco or Itaú Corretora de Valores S.A. and shall not be construed as a research report (“relatório de análise”) for the purposes of Article 1 of the CVM Instruction NR. 20, dated 2021.
2. The exclusive purpose of this report is to provide macroeconomics information and it does not constitute and shall not be construed as an offer to buy or sell or a solicitation of an offer to buy or sell any financial product, or to participate in any particular trading strategy in any jurisdiction. The information herein is believed to be reliable as of the date on which this report was released and it has been obtained from public sources believed to be reliable. However, Itaú Unibanco does not make any explicit or implied representation or warranty as to the completeness, reliability or accuracy of such information, nor does this report intend to be a complete statement or summary of the markets or developments referred to herein. Itaú Unibanco has no obligation whatsoever to update, modify or amend this report and inform the reader accordingly.
3. The opinions contained herein reflect exclusively the personal views of the analyst responsible for this report and were prepared independently and autonomously, including in relation to Itaú Unibanco, Itaú Corretora de Valores S.A. and any other companies within their economic group.
4. This report may not be reproduced or redistributed to any other person, in whole or in part, for any purpose, without the prior written consent of Itaú Unibanco. Additional information on the financial products mentioned in this report may be available upon request. Itaú Unibanco and/or any other company within its economic group is not and shall not be liable for any investment decisions (or otherwise) based on the information provided herein.
5. This report may include sections generated with the support of artificial intelligence tools. All content has been reviewed and validated by the authors to ensure the accuracy and integrity of the information presented.

Additional Note: This material does not take into consideration the objectives, financial situation or specific needs of any particular client. Clients must obtain financial, tax, legal, accounting, economic, credit and market advice on an individual basis, based on their personal characteristics and objectives, prior to making any decision based on the information contained herein. By accessing the material, you represent and confirm that you understand the risks related to the financial instruments described in this material and the laws in your jurisdiction relating to the provision and sale of financial service products. You acknowledge that this material contains proprietary information and you agree to keep this information confidential for your exclusive use.

SAC Itaú: For inquiries, suggestions, complaints, criticisms and compliments, talk to Itaú’s CSCC: 0800 728 0728. Or contact us through our portal https://www.itau.com.br/atendimento-itau/para-voce/. If you are not satisfied with the proposed solution, please contact the Itaú Corporate Ombudsman: 0800 570 0011 (on weekdays from 9 AM to 6 PM) or our PO Box 67.600, São Paulo-SP, Zip Code 03162-971. Hearing impaired, every day, 24h, 0800 722 1722.